

## **COMMITTEE ON HUMAN RESOURCES/INSURANCE**

**October 3, 2006**

**5:00 PM**

Chairman Gatsas called the meeting to order.

The Clerk called the roll.

Present: Aldermen Gatsas, Shea, Garrity, Pinard, Duval

Messrs.: Nick Vailas, Tom Callahan, Virginia Lamberton, Chief Joseph Kane

Chairman Gatsas addressed Item 3 of the agenda:

Presentation by Tom Callahan of Patriot Health Care.

Chairman Gatsas stated I guess he's got a guest with him.

Mr. Nick Vailas, CEO of Patriot Health Care, stated I would like to give you a brief overview of Patriot Health Care. This will be a low-tech presentation and to that end, Patriot Health Care has just completed its year of business-earned sales and I'm proud to say we're about 400,000 lives and growing. Thank you for the opportunity. Tom and I have both had, and this has to do with why Tom and I are together on this health plan. Approximately eight to ten years ago, Tom and I, as part of the Safety Review Board for the City of Manchester, wrestling with the challenges of Workers Comp. We brought in a program of truly managing care, not managed care but managing care on Workers Comp. And I guess Tom and I were well aware of the differences in provider costs and provider quality. And within a year's period of time, Mayor Wiczorek was in office at the time, we within a year's period of time were able to significantly reduce the cost of Workers Comp in the City of Manchester to tunes of tens of thousands, if not hundreds of thousands of dollars, and improve the care without taking anything away from the employees. I've been a health care provider in this area for more than twenty years and over that period of time I was able to see the differences in the costs of care of various providers. Most recently, in the Business New Hampshire magazine, they used knee orthoscopy as an example of the price

differences that insurers are actually paying for the orthoscopy procedure. The price difference literally can be as much as five to seven times, depending on the location, for the same procedure. Tom and I decided to start this health plan with its principle philosophies being transparency on price and quality as best we can, strong managing care. A significant partner of Patriot Health Plan today is Best Doctors of Boston, which was started by a couple of Harvard physicians who felt by bringing Evans research-based medicine into health care you will get greater consistency and higher quality outcomes. We're proud to say we're an exclusive provider with Best Doctors. We truly believe the sooner people get better, the more people know about the cost of their care, I truly believe you increase and improve the premium price of health care. Consumer-driven health plans, whether they're HRA's or HSA's, have been around for the past three years or more but Aetna did a retrospective review of the past three years. Based on the evidence today, it shows a savings, on average, of a million dollars per 100,000 employees. If people are given some responsibility, and what we advocate is not shifting cost to the employee but shifting responsibility. Not taking things away from the employee but giving them transparency in cost and quality. If they have skin in the game, the risk and reward, you will have a depression in the cost of health care. And without question, the variability on various providers, on what they are charging and what they are getting is immense. And as soon as people would know that, as soon as they had a reason to ask, what is this going to cost me? Or do I need this? And they had the information to shop you will definitely find a driving of the price downward. And unless those ingredients are in play, you're not going to get an improvement in the cost of health care. Again, I strongly advocate, let's not take things away from people but let's give them responsibility. We've been in business a year now, and we can honestly say people are shopping. We have preferred provider networks. You can go to any physician in our network, but there are certain lower cost providers that are easily accessible that, if you choose the right provider, you will have the greater chance of saving money in your health savings account, or if it's an HRA, the employer gets to save money in their account. And we have found in the year's time that we have a 96% compliance rate. Ninety-six percent of the time, people are saving. Most people, based upon our records right now, 70% of the folks do have money left over in their health savings account, as much as 70% of their health savings account. And they are able to roll it over, roll it forward. So it is working. This is not pie in the sky. And it's a chance for an employer to take hold of escalating premiums that are unchecked. I'm proud to also tell you that we are a New Hampshire based company, and I'm very familiar with the providers in our community and the City in itself. And we are here to stay. Even though we are a small company, the engine behind our company handles thousands of employees, much larger than the City of Manchester. So it's not an issue of our size. Our business design is such that we can handle an employer of one or an employer of thousands. So for that end, we feel very comfortable to tell you that we would be a great choice for

coverage for your employees. I'd be more than happy to answer any questions. Tom, do you have any additional information?

Tom Callahan, Patriot Health Care, stated what you have before you are two things: one, a sample of the Powerpoint that we would provide, having more time. We'd look forward to an opportunity to provide more information and greater detail. And then a general piece of information about Patriot Health Care. I think the key to looking at Patriot Health Care today is that we are able to work with employers of a variety of sizes and create unique solutions in partnership with you for your employees going forward. We can tailor things where other people can't because we're a small company. And I think that's key. And as Nick mentioned, ten years ago he and I tailored a unique managed care system in Workers Compensation that not only saved the City hundreds of thousands of dollars, but also improved the relationship between management and labor. And we think we have a similar opportunity today with Patriot Health Care. The ability for an employer, and I know you're self-insured, you can look at that option or you can also look at insured options of very high deductibles and build health reimbursement accounts for your employees underneath. That allows I think, one, greater predictability of your cost structure going forward than a pure self-insured position and also the ability to each year re-tailor benefits in a very easy way, because you essentially build the plan with us underneath the insured part, prior to meeting the deductible. So, the flexibility you have on a plan like that is almost infinite. And I think at this point Nick and I would be happy to answer any questions.

Alderman Shea stated just a quick question. How many doctors are covered under your particular program? I know that under several others, 22,000 and so forth.

Mr. Callahan stated greater than 97% of all the physicians in the State are in our network. We have one of the most comprehensive provider networks within the state, with all the hospitals in the state and the vast majority of physicians.

Alderman Shea asked and how about in say, the state of Maine? Do you have any working affiliation with a hospital or the emergency area over in Wells?

Mr. Callahan stated we do. Inside the PPO, the coverage area for New Hampshire-based employers is Maine, Vermont, New Hampshire and Massachusetts. So, we have a network that encompasses all of those states.

Mr. Vailas stated I'd like to add to that, Alderman Shea, that this is a no-hassle health plan. Please remember that. It's very important to know that you really don't know what kind of coverage you have until you go to use it. The Patriot design is to give you free choice. You do not need permission to get your test, so

if you're in Boston, the center of excellence, and you've been diagnosed with cancer, you don't have to come back to get permission to get your CAT scan. We cover you. You don't need our permission. We recommend that you do call us to get advice on the choice that you are making so that we can help you. There is no punitive behavior in our design. We give you free choice, and that is paramount. If you're asking people to take some responsibility on the cost of their health care, they need the free choice to make the right choice. And you don't get that, except with us.

Alderman Shea asked now under your plan do you have a primary physician or a gatekeeper?

Mr. Vailas stated no, no gatekeeper model, no pre-authorization model.

Mr. Callahan stated this is a completely open network, so if you sprain your knee skiing, you can go see an orthopedist. So, it's up to you.

Mr. Vailas stated so people can't steal you back to their institution if they're being employed by their institution. In many cases you hear the stories of people not being able to get a referral because they're not going to that place that physician wanted them to go. In our case, you've got free choice.

Alderman Garrity stated you stated in the future that you're going to be here for a Powerpoint presentation.

Mr. Callahan stated we'd enjoy that opportunity, is I guess what I was saying.

Alderman Garrity stated Mr. Chairman, I'd be in favor of that in the near future.

Virginia Lamberton, Human Resources Director, stated may I make a suggestion. In December we're...in early January we'll be putting out an RFP for our health insurance for the next fiscal year. And at that time it would probably be good when we have the different companies respond to our RFP that we could have presentations by the responders before the Committee at that time.

Chairman Gatsas asked Ginny, you'll leave that open for an RFP process for how long?

Ms. Lamberton replied how long do we put the RFP out for? Usually a month.

Chairman Gatsas stated so we're going to start discussing this sometime in beginning of February when we're going to be about two months or three months away from talking about a budget.

Ms. Lamberton stated yes.

Chairman Gatsas stated I'd rather have them come in in December.

Ms. Lamberton stated they may help me with this. When you put out a bid for the next year, you want to have your numbers, you want to have some experience in the current year of our contract year. Otherwise they call them immature numbers, or something. And so that's why we usually wait till we have at least five, maybe six months of numbers, so we know where we're heading and what our claims have been since we self-insure.

Chairman Gatsas stated but they can pick up the twelve months from the preceding year and have a year run and take a look at what the average for the last six months was and have a pretty good understanding of where we're going with claims. I'm just looking to move the process forward a little quicker so that we're not looking in May to make a decision about changing health carriers.

Ms. Lamberton stated we're not looking to have it be in May either because we need a couple of months to transition. I'll certainly talk with Jack Sherry about getting some bids out, but again, we want mature numbers. Two years ago when we went in the red, big time, our problems happened after the first of the year and that turned the responses to our bids considerably and what our premiums were going to be for the next year, if you'll remember.

Chairman Gatsas stated it doesn't make any difference. We can go in the red or we can go deeper into the black and either way, you can't tell that. And with a self-insured plan, that's what we're looking at. So whether somebody comes in and gives us a number today or gives it to us in six months, obviously the history is with the history and there's nothing that tells you, unless somebody's got their crystal ball, to read forward, which I don't think anybody does.

Ms. Lamberton stated we'll get the bid out.

Alderman Garrity stated I guess I'd like to get to the point. When are we going to expect a presentation from Patriot Health Care? I tend to agree with the Chairman. It should probably be in December rather than February.

Ms. Lamberton stated it's totally up to you. All I'm saying is that the normal procedure is that you put out the bids and you get the competitive bids that get returned to you and so last time we had between three and five, and we brought those people in for what we called interviews and presentations. We had some bidders that were way out, and we didn't waste their time or our time on a

presentation because we were never going to do business with them because their prices were just too far out.

Alderman Shea asked does it make any difference to you folks when the RFP goes out?

Mr. Vailas stated no it doesn't.

Chairman Gatsas stated obviously you can see here that they've kind of given you in this Powerpoint...you've allocated some numbers to a premium and it's, as you said, transparent, comparing to what we're paying now. But I think there needs to be an understanding of the accounts that are going to be set up so that Aldermen have a...you know, from a health savings account. They need to understand that before we get into the bid process because that's a significant piece of what they do.

Ms. Lamberton stated we also have to be reminded that in our collective bargaining agreements they all state that the current level of benefits will be identical to what we offer now, and that what Anthem...they don't use the word 'Anthem' but the level of benefits that are currently offered now. So if the City were to decide to try to change to health savings accounts, that would all have to be negotiated with the various unions.

Chairman Gatsas stated and there is seventeen units coming before us, isn't there? Aren't they all expiring this year, Ginny?

Ms. Lamberton stated yes.

On motion of Alderman Shea, duly seconded by Alderman Garrity, it was voted to receive the information from Patriot Health Care and proceed as usual, acting in the best interest of the City.

Chairman Gatsas addressed Item 4 of the agenda:

Communication from Virginia Lamberton, Human Resources Director, recommending that the Public Health Director class specification be updated, outlined herein.

Chairman Gatsas asked Ginny, what are you updating and what's the cost going to be?

Ms. Lamberton stated there's no cost at all. It's just, as we've talked about previously, it's good to look at our class specifications from time to time to make sure they're up to date and it's good to...we just keep them up to date. That's all we're doing. There's going to be a vacancy. We're going to hire a new director and this class spec should represent 2006, not 1999. And so you can see there's minor changes that are recommended.

Chairman Gatsas stated so nothing that's in this class specification changes what the bottom or the top of the table would be.

Ms. Lamberton stated absolutely not, no.

Alderman Shea stated I just noticed a line crossed out and something inserted, 'professionally diverse supervisors who oversee multiple programs.' Is that the only change in this or is there something else that I missed in this one?

Ms. Lamberton stated on page two, the fifth bullet down, there's a minor change on that line.

Alderman Shea stated okay, the word care is taken out.

Ms. Lamberton stated and 'public health initiatives' is there. And essentially, that is it.

On motion of Alderman Shea, duly seconded by Alderman Garrity, it was voted to approve this item.

Chairman Gatsas addressed Item 5 of the agenda:

Communication from Virginia Lamberton, Human Resources Director, requesting that the two support positions assigned to the Ordinance Violations Unit in the Police Department be reclassified to the level of Customer Service Representative II.

On motion of Alderman Garrity, duly seconded by Alderman Shea it was voted to discuss this item.

Ms. Lamberton stated a couple of years ago when we were talking about putting Ordinance Violations in the City Clerk's office, we took a casual look at these positions and at that time there wasn't a request to upgrade the jobs, but we wondered if perhaps they shouldn't be Customer Service Rep II's. We never really did anything about it and then probably six months ago I happened to get

into a discussion with the supervisor, Dale Robinson, and he asked if it would be possible to have the positions reviewed. I said, of course. And so they submitted questionnaires, we did desk audits, we interviewed employees that were Customer Service Rep III's and I's and we concluded that these positions should go from the I level to the II level, based on the level of their responsibilities.

Chairman Gatsas asked what is the cost increase?

Ms. Lamberton stated that's going to be three percent over whatever they're earning now. It's one grade. If they were at the minimum, which they're not...

Chairman Gatsas stated well then give me the correct number.

Ms. Lamberton stated I don't have their exact salaries with me. Maybe Dale...do you know the exact salaries?

Alderman Garrity stated this isn't the first time this has happened. You come in with a salary increase, a grade increase, you should know the number, the fiscal impact to the City. To give a low and a high really doesn't tell us much. We need to know what the fiscal impact to the City is.

Ms. Lamberton stated I certainly can get you that information.

On motion of Alderman Garrity, duly seconded by Alderman Shea, it was voted to table this item.

Chairman Gatsas addressed Item 6 of the agenda:

Communication from Virginia Lamberton, Human Resources Director, on behalf of the Public Works Director, requesting reallocation of the Equipment Service technician II, from a salary grade 13 to a salary grade 14.

On motion of Alderman Garrity, duly seconded by Alderman Shea, it was voted to discuss this item.

Ms. Lamberton stated the duties warrant that the position go up a grade.

Chairman Gatsas asked and what is the cost?

Ms. Lamberton stated I don't have the cost.



On motion of Alderman Garrity, duly seconded by Alderman Shea, is was voted table this item.

Chairman Gatsas addressed Item 7 of the agenda:

Communication from Virginia Lamberton, Human Resources Director, requesting that the Grants Coordinator position be reclassified to a new title of VISTA Project Administrator, salary grade 20.

Ms. Lamberton stated the Mayor asked that this be tabled.

On motion of Alderman Pinard, duly seconded by Alderman Garrity, it was voted to table this item.

Alderman Shea asked did he mention why he wanted it tabled?

Ms. Lamberton stated it would be my observation that the incumbent in the position thinks that the position should be a higher salary grade and I disagree with the incumbent.

Alderman Shea stated so basically that's why it's been tabled?

Ms. Lamberton stated because they want to have a meeting to discuss that.

Alderman Shea asked the Mayor plans on meeting with the person, is that correct?

Ms. Lamberton stated I think the Mayor wants to meet with me and the incumbent, as well as somebody else. I don't remember...

Chairman Gatsas addressed Item 8 of the agenda:

Communication from Virginia Lamberton, Human Resources Director, proposing change to Ordinance 33.048, Advancements Within Pay Range by replacing the term Promotion to Step Increases.  
*(Note: departmental performance appraisals survey enclosed.)*

On motion of Alderman Shea, duly seconded by Alderman Pinard, it was voted to discuss this item.

Chairman Gatsas asked Ginny, do you want to speak on eight?

Ms. Lamberton stated this we discussed last time and for some reason you never voted on it. This was when you asked me to do a survey of how many employees had their performance evaluated, etc.

Alderman Shea stated on page eight, I have a little concern. It says here that specifically if the department head does not do a performance, the employee can assume his performance is satisfactory. My question is, why do we have a performance evaluation in the first place? I mean in other words, there's no consequence to anybody if the department head, for whatever reason, does not perform any evaluation.

Ms. Lamberton stated I think our discussion last time was that this language is in all the collective bargaining agreements and this ordinance is just for the non-affiliated employees.

Alderman Shea stated so basically in the collective bargaining agreement there is no provision for a department head, or somebody designated by a department head, to evaluate an employee.

Ms. Lamberton stated no, the department heads are responsible for ensuring that the employees' performance is evaluated. And we did a survey on that, and in the process of negotiations at some point, the unions must have been concerned that if the department head just didn't get around to it, the employee's step increase was being jeopardized. And so the City and the unions agreed that in those instances, if the department head wasn't that concerned, that it must be that the employee is doing his or her job well enough. And consequently, they can assume that their performance is acceptable and consequently they can get their step increase.

Alderman Shea stated my point is, and I think I brought it out the last time, is that if somebody were not evaluated and then somehow or other there was a problem, and there's nothing to indicate that there has been any kind of interaction between a department head or a designee of the department head and an employee, and a grievance is filed, there's no grounds to stand on, in my opinion. And you tended to feel the same way.

Ms. Lamberton stated if there's a performance problem and discipline happens, yes, that's going to be a problem for the department that they haven't done their job in evaluating people.

Alderman Shea stated this is something that I'm not sure exactly how to get around it and certainly I know department heads have a lot of work to do, but from the point of view of making sure that the City is protected, there should be some kind of provision in somebody's contractual agreement, whether it's the union or whether it's the non-union, that there should be, if an evaluation is done by certain department heads, and other department heads feel that they're overworked and can't do it and so forth, and nothing happens in that regard, then I say why is someone, who is doing their job, in other words, be at the same point as someone not doing their job. I find it inconsistent. That's my own opinion, so my point is, how can an incomplete evaluation be considered a satisfactory evaluation? That's the question. So I don't know if other members have any thoughts on that but that's my thoughts, that's how they range.

Ms. Lamberton stated I can tell you that since we did the report and it came before the committee, performance evaluations have been flying in. So, it served some purpose!

Alderman Shea stated that's great that they're flying in. I hope that they land.

Chairman Gatsas asked Ginny, was there an evaluation...I think the last time we had this discussion you said of all the evaluations that came in, there were none that were unfavorable. So everybody got their increases.

Ms. Lamberton responded no, I didn't say that. I said that I knew of two during the summer that did not get their merit step increases, and that in the contracts it also allows for those employees to go before an appeals committee, which they did, both of those people. And there may have been other steps that were withheld, but if the people didn't appeal them, I wouldn't have any awareness of that.

Chairman Gatsas asked so do you think it would be wise to address Alderman Shea's concern that whoever is negotiating the seventeen contracts that are coming before us, would some sort of discussion of this be in the contract? Because right now what you're saying is it's not.

Ms. Lamberton responded you lost me there.

Chairman Gatsas stated we're in the process of negotiating contracts.

Ms. Lamberton stated we will be soon, yes.

Chairman Gatsas stated my understanding is what you said is that language is not in the labor agreements that we currently have.

Ms. Lamberton stated the language that's proposed here **is** in the contracts.

Chairman Gatsas stated so I guess where Alderman Shea is going is to change that so that there isn't just an assumption because somebody doesn't do it, it's automatic.

Ms. Lamberton stated well it certainly can be proposed.

Chairman Gatsas asked what is your opinion as the professional?

Ms. Lamberton stated I doubt that the unions would...unions don't usually give things back unless they get some other big reward. I don't know that this is a big item, but my gut feeling would be that they would not be inclined to say this language would come out of their contract.

Alderman Shea asked how did the evaluation performance actually come about?

Ms. Lamberton responded when the City did the Yarger-Decker program, part of that was to have the additional steps and then to have merit increases and to get merit increases, people's performance was to be evaluated. And I guess in order to get all the...I wasn't here...but in order to get all the unions to agree to all of that new stuff, the evaluation process and what not, that type of language ended up getting in the contracts, as well as the appeal process to that. Just so you know, out of curiosity, I called some other cities around the state to see what happens there. In the City of Concord they have three or four steps withheld a year. Nashua has the same thing. Portsmouth, they never hold steps. It's not even up for discussion. They just do automatically. Same thing with Keene. And so I don't think we're that far off. I also called the State of New Hampshire and they don't track it anymore, but I looked through their personnel appeals board and did not see any appeals in their annual report for denial of a step, which they do go to the personnel appeal's board for that.

Alderman Shea stated you have to see where my orientation comes from.

Ms. Lamberton stated I completely understand what you're saying.

Alderman Shea stated my orientation comes from the fact that as a school principal I had to evaluate all of the people working for me. And if the evaluation didn't measure up, either their contract wasn't renewed or I as a supervisor had to provide them with how they could improve their work skills and their

workmanship. Now, we have here in the City, we have people who do that possibly in some departments, and we have people that don't. And I'm saying, why should the people who do it be in the same category and the same classification as those that don't do it? I just find that it's inconsistent. And I'm not criticizing you. I'm saying that it seems to me that if somebody grieves a particular situation, after working for six months or a year, and there's no paperwork, how can you actually go and be fair to the person that's grieving? It doesn't make sense to me in terms of that. But, I would say that the unions probably don't want to change it, but somehow there should be some kind of discussion so that there is consistency within the City government at all department levels. That's my point.

Ms. Lamberton stated and frankly, I think by having done that report, a lot of department heads that didn't get a hundred percent were quite upset with that. They've called me and they're making sure that their subordinates are making sure they do their jobs in a timely manner. And I think that's good. I think it was a good exercise. Just also, as a matter of information, on November 2<sup>nd</sup>, we're going to be offering a training program on how to do performance evaluations, and update your skills, just as a way to also make things start being...One of the problems was that some of the...now I'm going to talk about non-affiliated. In one area these employees...it's not that they don't get their steps, it's just that they're six, seven, eight months late. And sometimes they go into the next fiscal year, which isn't...first of all, the employee who's doing a good job shouldn't have to wait that long. And then it messes up the budget to boot, on top of that. When in fact their performance was fine. And so it was felt that if the department head had a concern about the employee, that if they knew they were going to get it automatically unless they did something, that would encourage the department head to make sure that something happened.

Alderman Shea stated so what you're suggesting now is that because it's applicable to the unions it would be applicable to the non-unions.

Chairman Gatsas stated Ms. Lamberton, we just did something in Item 4. We changed the class specification of the Public Health Director. And I just read through very quickly and maybe you can help me. 'Examples of Essential Work.' And that's on the first page of four. If you turn the page and you go through, there's a bunch of bullets as it goes through. Nowhere in there does it talk about doing evaluations. Don't you think that should be part of the job classification?

Ms. Lamberton stated I beg to differ with you. If you look at the first bullet under 'Examples of Essential Work,' it says, 'Plans, organizes, directs and evaluates the work of Departmental staff in implementing the expressed goals, policies and directives.'

Chairman Gatsas stated but I think that talks about the directives and policies, and it doesn't talk about...

Ms. Lamberton stated it says, 'evaluates the work of Departmental staff.'

Chairman Gatsas stated okay, so you're assuming that that clarifies the whole thing, that they need to do reviews.

Ms. Lamberton stated the department heads know that. They get a notice from my office a month or so before steps are due, reminding them to remind their staff, etc. They also have, a lot of them have their own systems, tickler systems to remind themselves to do it.

Chairman Gatsas asked but don't you think it should be a clear bullet that says that they will...

Ms. Lamberton stated insure that all employees' performances are evaluated at least annually? Sure. We could add that on tonight.

On motion of Alderman Garrity, duly seconded by Alderman Shea it was voted to reconsider Item 4.

On motion of Alderman Garrity, duly seconded by Alderman Pinard, it was voted to add to the Public Health Director class specifications from Item 4 language requiring annual employee performance evaluation.

Chairman Gatsas stated let's go back to the discussion we had while I interrupted in the middle so I wouldn't forget. I apologize. So we're back on number eight. What is the...

Alderman Garrity stated I'm looking at the proposed language, and again, I have some issues my colleague from Ward Seven has, where the incomplete evaluation would be considered a satisfactory evaluation, and that just doesn't hold muster with me. I'll make a motion to receive and file at this time.

Chairman Gatsas stated I don't have a problem doing that but I think that right now, with where we are, we should at least work on it rather than receive and file. Maybe table it.

On motion of Alderman Garrity, duly seconded by Alderman Duval, it was voted to table this item.

Chairman Gatsas stated Ginny, if you can just get some clearer language, or alternative language that we may be able to consider for that. I think the wording that Alderman Garrity's... 'an incomplete evaluation will be considered a satisfactory evaluation' is what the ordinance says.

Alderman Garrity stated and that's in the proposed language, second paragraph.

Ms. Lamberton stated right. So what is it you're asking me to do?

Chairman Gatsas stated I guess what Alderman Garrity is looking for is something that is a little different than, 'an incomplete evaluation will be considered a satisfactory evaluation.' In other words, if a department head starts half way through, and doesn't complete it, and I understand it shouldn't be the employee's problem, but there should be some burden put back on the department head, somehow.

Alderman Garrity stated my point is why do we call it an eval if we're not even going to complete it? And it's an evaluation to judge the employee's job performance, and if we're not going to have one and just say, everything's going all right, everything's satisfactory, it just doesn't hold muster with me.

Chairman Gatsas stated but what I'm looking for, Ginny, is in the current language, does that wording appear in the current language?

Ms. Lamberton state because I'm going back and forth here, I'm trying to find my notes. If you look at the attachments, which are right behind my letter, what I do is I give you the current language and then I give you the proposed language right beneath it.

Chairman Gatsas stated right, but my question to you was, in the current language does that appear - 'an incomplete evaluation will be considered a satisfactory one.'?

Ms. Lamberton stated no, it's not in the current language.

Chairman Gatsas stated so I guess that's where Alderman Garrity is coming from.

Alderman Shea stated and also I raised that issue before. How can an incomplete evaluation be considered a satisfactory evaluation? There's no evaluation, really, so it's not satisfactory.

Ms. Lamberton stated I think the intent of that, and again, I wasn't around when all that was negotiated. I think what the intent of that was that it was satisfactory so consequently the employee would get his or her step increase.

Alderman Shea stated I'm not rewording it for you, but if an evaluation would not be conducted, then obviously it wouldn't have any bearing on the person's eligibility to be granted a raise. But we should leave out the word evaluation if in fact there isn't one done.

On motion of Alderman Garrity, duly seconded by Alderman Duval, it was voted to table this item.

Chairman Gatsas addressed Item 9 of the agenda:

Communication from Virginia Lamberton, Human Resources Director, submitting proposed revisions to Ordinance 33.047 (Probationary Period) and Ordinance 33.048 (Advancements Within Pay Range) for the purpose of separating the subject matters and placing the appropriate language in the appropriate ordinances.

On motion of Alderman Garrity, duly seconded by Alderman Pinard, it was voted to discuss this item.

Chairman Gatsas asked Ginny, could you just clarify what this all means?

Ms. Lamberton stated yes. We have people that come to work for the City on a full-time basis and they are on a probationary period. At the end of six months, if their performance is satisfactory, they receive a step increase and they also attain permanent status. The two ordinances that I'm talking about here...we have one that contradicts the other one. We have Ordinance 33.048 (Advancements Within Pay Range) which says that after six months of your initial employment you get the step. The Ordinance before you today, which says Probationary Period, if you read it, it mixes it all up. It contradicts things and it talks about a promotional probationary period that a person would receive a step increase, which is not how the City operates. If an employee is promoted, once they're a regular employee, they just get a step increase twelve months later. That's been the practice of the City forever. But this Ordinance led one employee to believe that she was going to get, after she was promoted, that she was going to get a step increase after six months of being promoted. That's not the case. That's not what happens. That's not the practice of the City. So to make sure that that confusion doesn't happen again, and to make sure that the Ordinances are consistent with themselves and with reality, that's why I'm proposing to change the Ordinance.



Chairman Gatsas stated so if I read the first section it almost sounds like it's eighteen months before you go to that, rather than twelve. If I read the first one, it almost sounds like it's six and then twelve before you go to your next step.

Ms. Lamberton asked you mean the current Ordinance?

Chairman Gatsas responded correct.

Ms. Lamberton stated it's all mixed up. That's the problem.

Chairman Gatsas stated I agree with what you're saying. So what you're saying is the clarity on the probationary period is much clearer...

Ms. Lamberton stated on the bottom one.

Alderman Shea stated let's assume for the sake of discussion that I work six months in one particular area and then I'm promoted and I work six months in another area. Do I get a raise because I've worked twelve months?

Ms. Lamberton stated no.

Alderman Shea stated so what he's saying is correct because basically you're upgraded when you first enter that. Is that correct? You get a three percent raise?

Ms. Lamberton stated let me see if I can explain it. Say an employee is hired as Human Resource Director.

Alderman Shea stated that's a pretty high job. Let's go down below.

Ms. Lamberton stated let's say an Administrative Assistant at a labor grade twelve. So that person gets hired at labor grade twelve, step one. That's the minimum step. At the conclusion of six months, he or she goes to step two, which is a three percent raise. And then at the conclusion of the date of hire, twelve months, we get another step. So now we're at step three. And then that person has to wait an additional twelve months to go to step four. Now, if a person gets promoted after this period of time, they have to wait a full twelve months. It's called date of position, so if they came in and they got their probationary step and then they got a promotion, they'd have to wait twelve months to get another step.

Alderman Shea stated now after six months on the job, there is some indication of a satisfactory evaluation. Is that written-wise or just...

Ms. Lamberton stated no, it should be written.

Alderman Shea stated so there has to be that. Okay.

Chairman Gatsas stated so what you're telling me Ginny is that within a twelve-month period somebody gets two raises.

Ms. Lamberton stated yes. Only when they're first here. After that that doesn't happen. Only during the first twelve months of employment.

Alderman Garrity asked what's the percentage? Three percent? Basically a step.

Ms. Lamberton stated yes.

On motion of Alderman Pinard, duly seconded by Alderman Garrity, it was voted to approve these Ordinance revisions.

Chairman Gatsas addressed Item 10 of the agenda:

Communication from Virginia Lamberton, Human Resources Director, proposing an amendment to the Deferred Compensation Plan relative to allowing participants to "borrow" money from their account as now allowed by the IRS.

On motion of Alderman Garrity, duly seconded by Alderman Shea, it was voted to discuss this item.

Ms. Lamberton stated currently, as you know, we have a deferred compensation plan and there's a clause...all of this is regulated by the Internal Revenue Service. If an employee has an unforeseeable financial problem, they can ask to have a withdrawal from their account. An unforeseeable reason is pretty rare, like you can't get it if you can't pay your mortgage, anything that's foreseeable, like paying for your car, paying for your mortgage, paying for daycare – whatever you can pretty much think of. It's usually allowed if an individual has medical expenses, is the easiest example, that their health insurance doesn't cover. And our health insurance is such that it covers everything, so I've never seen anybody get any money out of the deferred compensation for unforeseeable circumstance. And so recently an employee had...probably a month or so ago...an employee had communicated with me and said that he had gone into business and the business took a belly-up and he owed \$20,000, and on and on and on. So I thought, well maybe that would be one and I spoke with the Hartford and they said no, that's absolutely not, because when you go into business there's a fifty-fifty chance that it's going to work or not work. That's the risk you take. And he advised me that a year and a half ago the IRS had allowed for people to take a loan from their own

deferred compensation plan, which is different than us giving them...because it's still tax free. They borrow the money from themselves. They can borrow up to fifty percent of what they have in their account, up to \$50,000, and their - not the equity. What's the thing when you guarantee payment? Whatever's left in there. The other fifty percent. I'm trying to remember the word. Well let's just say, they have \$50,000 and they \$25,000 from themselves, then through a payroll deduction they pay themselves back, prime rate plus one or two percent. And we decide whether it's going to be one or two percent. And they have three or four years to pay it back, for anything other than a residential purchase to buy property. They can actually borrow it for up to twenty years for residential. There's no risk to us. If for some reason the employee terminates or leaves the City before they pay themselves back, then it's a problem between them, Hartford Life and the IRS.

Alderman Shea stated this deferred compensation plan is out of my league, but anyway, could you explain a little bit about it? An employee pays a certain amount out of their pay...

Ms. Lamberton stated it's something that you opt to do. The name of the program is Deferred Compensation because you are deferring your compensation until you leave the City or you retire.

Alderman Shea asked how much is taken out of the pay? Does it vary?

Ms. Lamberton stated it's up to the employee. So let's say I chose to have one hundred dollars a week deferred from my pay. That reduces my tax...that's taken off the top and now my taxes are based on one hundred dollars less. Now, when I leave here and I take...

Alderman Shea stated can I stop you there? Does the person who puts that money in, do they get interest on that money?

Ms. Lamberton stated they pick where they want to invest their money. There's a whole menu - mutual funds, high risk, low risk. It's up to the person.

Alderman Shea stated but they have to keep it in a certain length of time.

Ms. Lamberton stated they have to keep it in as long as they work for us. They can start and stop the deduction anytime they want to. They can increase the deduction, they can decrease the deduction. It has to stay in there as long as they're an employee.

Alderman Shea stated so it's their own money.

Ms. Lamberton stated well it's actually our money till they leave because it's deferred compensation. But it's their money.

On motion of Alderman Duval, duly seconded by Alderman Garrity, it was voted to accept this amendment to the deferred compensation plan.

Chairman Gatsas addressed Item 11 of the agenda:

Communication from Chief Kane, on behalf of two members of the Fire Department; Jay Lacey-Equipment Mechanic II and Vincent Gillis, Jr.-Electronic Systems Technician I, requesting certification that their positions conform to RSA 100-A:1, VIII and meet the definition of "permanent fireman", outlined herein.

On motion of Alderman Duval, duly seconded by Alderman Shea, it was voted to discuss this item.

Joseph Kane, Fire Chief, stated thank you, Chairman. I put this request in as a request from Virginia Lamberton. What the circumstances that surround here is that we hired two employees a little over a year ago. One was a mechanic, one was a communications person. And typically what we have done in the past is that these persons come on board to the Fire Department and when they receive their certifications, through the State for different levels of fire fighters, they are then on boarded into the retirement system. This has been a process that's been going on for a number of years and it's pretty standard in our industry. When we applied to do this this past summer, Ms. Lamberton said that they were not eligible to go into the retirement system. We said, in our opinion, we've done this in the past. When they were hired, that's what they anticipated. And we didn't see what the problems were. She, at that point in time, sent up a request to the State to get a determination whether they should be in or not. The State sent back a letter that said that they have to meet certain requirements to be in there, and the requirements were outlined. One of the requirements was that the positions would be certified by the governing body to be in there, and our position, at least my position was that they were certified years ago and since this has been going on for years, it's just an ongoing certification. There was some discussion there with the new Yarger Decker job classifications that those job classifications also need to be certified, so I've put a request into the Board to certify those positions.

Ms. Lamberton stated the laws did change in regard to membership to Group 2. I don't know whether it was ten or twelve years ago. If you look at what was submitted to you, you'll see there's a letter from...let me take a step back. When the request was sent over to move these people from the City's retirement into the State retirement system, it was brought to my attention. I thought it was inconsistent with my previous knowledge, and so I felt responsibility. I couldn't

certify it, based on what I believed, and so I did communicate with the New Hampshire Retirement System and they asked me to send them copies of the employees class specifications, which I did. And then on August 2<sup>nd</sup>, they responded to my inquiry and they outlined the law, and then if you look at the second page of the letter it speaks to the fact that they did not believe that these positions should be in Group 2. And so I informed Chief Kane about that, and we're here today.

Chairman Gatsas asked Chief, can you explain to me why there's a discrepancy?

Chief Kane responded my understanding is that these positions have been there all along and there was a...back in, I believe it was '88, but I'm not sure if it was back that far. There was a time when the State changed the law in regards to who could and who could not get into Group 2. At that time, positions were certified into Group 2, and in the Fire Department in the City of Manchester, those positions – the mechanics position and the communications position were certified into Group 2. And it has been that way ever since. This summer Ms. Lamberton questioned all of that and sent that question to the State, and they came back with their response. And what they're saying is that the governing body of the City has to certify these positions or they're not in there. So that's why we're here today. I'm asking you to certify the positions. Ms. Lamberton's position in regards to what she believes is different from what I believe. I believe that the State allows these. I would request the Board to certify these positions and send it up to the State and let the State make that decision. That's what I would be requesting.

Ms. Lamberton stated if I just may, I know when the law changed, what it said was that if people had been in the Group 2 in their classification, because there was a lot of people in Group 2 that the State basically was taking out in the long run, that if they had been in it for a period of time which...I can't remember what it was – two years or something like that, they could remain in there. And then if they got promoted into the position that was the normal course of their career path, they could stay in Group 2 as well. And so I didn't look to see how long the incumbents had been in these positions prior to the new incumbents, but that's probably part of the reason why they were allowed to stay in there because it was a normal path for their promotions in their career. What the law went on to say was that once those people left, then the position would revert back to whatever retirement system they should be in. And that's why I was curious because it seemed odd to me that a mechanic and the other classification would be in there. It's just inconsistent with my knowledge of Group 2.

Alderman Shea asked how long have they been employed?

Chief Kane responded one a little over a year and one about a year now.

Alderman Shea stated and the ones that they replaced, how long had they been in place?

Chief Kane stated one was through a promotion and that individual was there for about twenty years and the other one, I'm not sure, but a much shorter period of time.

Alderman Shea asked fifteen years, maybe?

Chief Kane responded no, I think he was only there for like five years.

Chairman Gatsas stated let me just follow up with Alderman Shea's question. Were they in Group 2 or were they in the City retirement?

Chief Kane stated one of them was in Group 2 and the other one was in the City.

Chairman Gatsas stated so if I'm understanding what you're saying, Chief, is that...have you seen the letter that came back from the New Hampshire Retirement System?

Chief Kane stated I have.

Chairman Gatsas stated so what you're saying is that you want us to certify it, send it up to the New Hampshire Retirement System, and if they send you back the same answer, what do we do then?

Chief Kane stated then that's their decision. We'll have to deal with them. My opinion, and I have someone here who had debated that law back when it was a law. I have Billy Clayton here, who was a State Rep at the time, who sat on that committee, who is debating that law, and his opinion is the same as mine, from what I can understand. He is here if you'd like him to testify.

Alderman Garrity stated I see that Mr. Gillis and Mr. Lacey are Firefighter 1 and Firefighter 2 certified. Is that correct?

Chief Kane stated actually they're what they call C2F2, yes. The positions do require these individuals to report to fires. We don't have...our mechanics just are not sitting in a shop doing mechanic work. When we have a major operation, it is their responsibility to go to fires and always has, to go to fires to make sure the equipment is up, functional and they are on the fire ground with the firefighters, interacting with them. It's their responsibility to make sure that the equipment continues to operate. It's their responsibility to fuel these vehicles. If we're on a

fire scene for an extended period of time, their job is to fuel. So they definitely have logistical presence on the fire ground.

Alderman Shea asked does this change their compensation at all?

Chief Kane responded no.

Alderman Shea stated one of the problems that I discussed at the Aldermanic meeting was that there were certain people who are under the City retirement and the City has to pay more money to these people, twelve and a half. If they're going to the State retirement, the City has to contribute less. So it does, in that sense, benefit the City if these particular people were under Group 2 because from that point of view, and I suggested that we do an audit because the City retirement has indicated certain types of policies and I don't think the City, on our part, knows exactly how to approach all of these things. But I think in discussing the problem with the Finance office I believe that it probably would be consistent, Mr. Chairman, with what's been done in the past, if these particular individuals had been part of the Fire Department, as it were. And secondly, if they're under the State retirement, in the long run, if the City wants to put new employees under the State retirement rather than the City retirement, it would probably be to the City's benefit. So, I feel that we should...

Chairman Gatsas stated Alderman Shea, I think you need a clarification on that because I don't think that that...and I don't want to...but I think that that's not true, that it's less cost to the City if we move them to the State.

Alderman Shea stated well basically right now, the City has to pay twelve and a half percent for their retirement, and you can check with Randy Sherman, but I do think that, in essence, the City should look into that, but that's for another day for another discussion.

On motion of Alderman Garrity, duly seconded by Alderman Duval, it was voted to approve the request for certification of the two employees.

There being no further business to come before the committee, on motion of Alderman Garrity, duly seconded by Alderman Duval, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee